

GENERAL FUND FINANCING

County general fund operations are financed with four major types of financing sources: departmental program revenue, Proposition 172 revenue, Realignment revenue, and countywide discretionary revenue.

Departmental program revenue includes fees, service charges, and state and federal support for programs such as welfare, health care, and behavioral health. Proposition 172 revenue is restricted and is used solely for financing the Sheriff, District Attorney, and Probation departments. Realignment revenue is also restricted and used in financing mental health, social services and health programs within the County.

The balance of departmental costs not funded by departmental program revenue, Proposition 172 revenue, and/or Realignment revenue is considered local cost. Local cost is funded by countywide discretionary revenue, such as property tax.

Any countywide discretionary revenue not distributed to departments via local cost is placed in contingencies. Every year the County of San Bernardino has set aside a prudent dollar amount in contingencies and reserves for two purposes. One is to ensure that the county can accommodate unforeseen increases in expenditures or reductions in revenues, or other extraordinary events, which would harm the fiscal health of the county. Second is to be proactive and set aside funds to meet future known obligations or to build a reserve for large capital projects.

The following pages describe in more detail Proposition 172 revenue, Realignment revenue, and countywide discretionary revenue that assists in financing general fund departments. In addition, detailed information is included on the sources and uses of county general fund contingencies and reserves for 2005-06 and recommended sources and uses of general fund contingencies and reserves for 2006-07.

PROPOSITION 172

Proposition 172 (Prop 172), which became effective January 1, 1994, placed a one-half percent sales tax rate in the state's constitution and required that revenue from the additional one-half percent sales tax be used only for local public safety activities, which include but are not limited to sheriff, police, fire protection, county district attorney, and county corrections. Funding from Prop 172 enabled counties and cities to substantially offset the public safety impacts of property tax losses resulting from the state property tax shift to the Educational Revenue Augmentation Fund (ERAF).

The one-half percent sales tax imposed by Prop 172 is collected by the state and apportioned to each county based on its proportionate share of statewide taxable sales. Pursuant to Government Code 30055, of the total Prop 172 revenue allocated to San Bernardino County, 5% is distributed to cities affected by the property tax shift and 95% remains within the county.

On August 22, 1995, the County of San Bernardino Board of Supervisors approved the recommendation that defined the following departments as the public safety services designated to receive the county's 95% share of Prop 172 revenue, consistent with Government Code Section 30052 and authorized the Auditor/Controller to deposit the county's portion of the Prop 172 revenue as follows:

➤	Sheriff	70.0%
➤	District Attorney	17.5%
➤	Probation	12.5%

Prop 172 revenue currently presents a significant funding source for the Sheriff, District Attorney, and Probation Departments. Each year, as part of the budget development process, projections of Prop 172 growth are developed based on staff analysis of revenue trends and forecasts provided by outside economists.

Growth in Prop 172 revenue is used first to fund mandated cost increases in these departments, including MOU adjustments, retirement, worker's compensation and insurance. Any revenue beyond what is needed to fund mandated costs becomes discretionary revenue to the department, and is used to meet other high priority needs as recommended by the department and approved by the Board. In most years mandated cost increases consume the vast majority of Prop 172 revenue growth and all Prop 172 revenue is distributed to the designated departments.

However, in 2002-03 and subsequent years, unexpected increases in Prop 172 revenue have resulted in an excess of actual over budgeted Prop 172 revenue. All excess revenue is set aside in a restricted general fund and is appropriated upon Board approval. The chart below illustrates the beginning and anticipated ending fund balance of this restricted general fund for 2006-07 as well as projected revenue and planned expenditures from this fund.

Although Prop 172 budgeted ongoing revenue is increasing to \$154.3 million in 2006-07, corresponding budgeted appropriation is \$152.2 million in the proposed budget due to pending Board approval and allocation of \$2.6 million of the Sheriff's discretionary revenue (recommendations forthcoming from the Sheriff) and the District Attorney's utilization of \$0.5 million of their share of the excess revenue toward MOU costs. These expenditures, offset by estimated interest earnings of \$400,000 and reimbursement of \$2.2 million from the sale of Sheriff's helicopters, result in an estimated ending fund balance of \$20.6 million.

	Estimated Beginning Fund Balance (AAG)	Budgeted Revenue	Budgeted Departmental Usage	Other Budgeted Receipts	Estimated Ending Fund Balance (AAG)
Sheriff-Coroner	7,148,276	108,290,000	105,399,572	2,200,000	12,238,704
District Attorney	4,811,765	27,072,500	27,535,392	-	4,348,873
Probation	3,991,864	19,337,500	19,287,500	-	4,041,864
Total	15,951,905	154,700,000 *	152,222,464	2,200,000	20,629,441

* Includes estimated interest in the amount of \$400,000.



REALIGNMENT

In 1991 the state shifted responsibility for a number of mental health, social services, and health programs to counties. This shift, known as Realignment, resulted in the creation of two dedicated funding streams to pay for the shifted services: a ½ cent Sales Tax and 24.33% of Vehicle License Fee (VLF) revenues made available by a change in the depreciation schedule for vehicles. Pursuant to SB 1096, Chapter 21, Statutes of 2004, the Vehicle License Fee was reduced from 2.0% of the market value of a vehicle to .65% of the market value. SB 1096 also changed the percentage of the VLF revenue allocated to Realignment from 24.33% to 74.9%. This change did not result in increased VLF revenues to Realignment, but simply reflects the same funding amount expressed as a percentage of the reduced revenue collected. Each of the three service areas identified was required to have their own separate accounts established and each of those service areas receive a different share of statewide Realignment revenues.

Within the mental health area, the programs for which the county is now responsible are: community-based mental health programs, State Hospital services for county patients, and Institutions for Mental Disease. Within the social services area, the programs for which the county is now responsible are: the county revenue stabilization program and the county justice subvention program. Within the health area, the programs for which the county is now responsible are: AB8 county health services, local health services, medically indigent services, and the county medical services program.

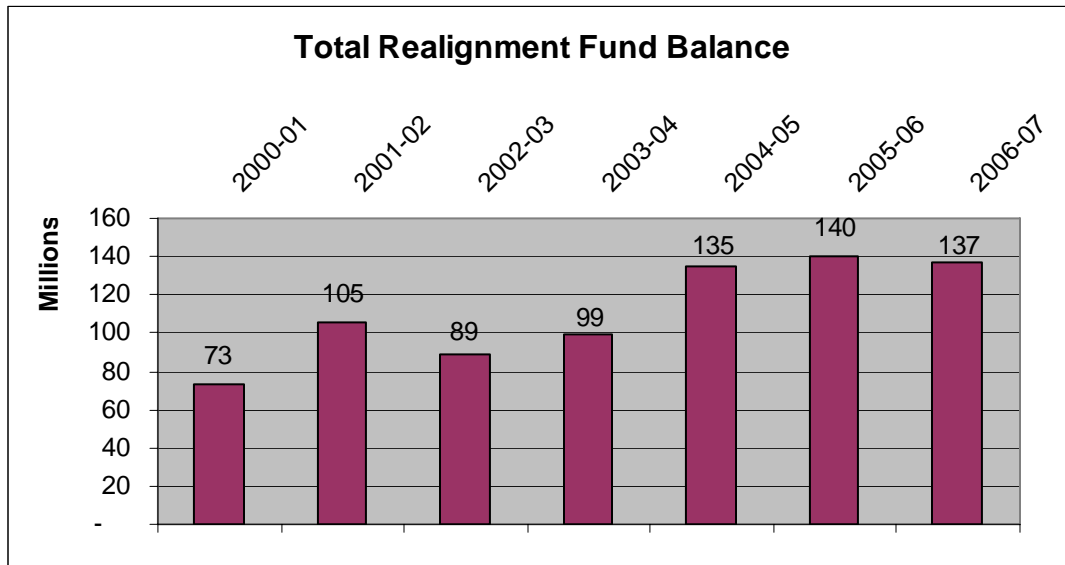
In addition to these shifted responsibilities, a number of programs had changes made to their cost sharing ratios. Below are the programs that had cost sharing ratio changes (numbers are shown in percentages in the order of state/county shares of cost). For example, prior to Realignment Foster Care costs were funded by 95% state resources and 5% county resources. Now Foster Care is funded by 40% state resources and 60% county resources, which is a significant impact to the county.

	From State/County	To State/County
Social Services programs:		
Foster Care	95/5	40/60
Child Welfare Services	76/24	70/30
Adoption Assistance	100/0	75/25
CalWORKs	89/11	95/5
County Services Block Grant	84/16	70/30
Greater Avenues for Independence	100/0	70/30
Social Services administration	50/50	70/30
In Home Supportive Services (IHSS)	97/3	65/35
Health programs:		
California Children's Services	75/25	50/50

The Realignment program has some flaws in its design that adversely impact County of San Bernardino revenues. First, is San Bernardino's status as an "under equity county," meaning that the county receives a lesser share of revenue relative to other counties based on population and estimated poverty population. Revenue distributions among counties were determined by actual expenditures in the transferred programs just prior to the adoption of Realignment. San Bernardino County was under equity in those programs. Realignment did attempt to address the inequity issue, but the effort fell short. The county continues to be under equity at this time and barring any legislative action the amount of inequity will increase over time. As growth occurs in the revenue streams, that incremental new funding is distributed on existing sharing arrangements between the counties. The counties that are already over equity get a higher percentage of the new revenue while those that are under equity get less.



In addition to the under equity issue is the fact that the demand for the services the county is providing and the revenue streams funding them are both sensitive to the economy. When the economy is doing well, demand for services is reduced and sales taxes and vehicle license fees revenues are high. When the economy does poorly, demand for services is high, but revenues under perform. The graph below shows the history of fund balance for all Realignment funds.



Fund balances have increased significantly since 2003-04. The increased fund balance in 2004-05 was driven by lower than expected expenditures in Behavioral Health, Probation, ARMC, and Foster Care. Additionally, sales tax growth revenue within the Social Services Fund for the year ending June 30, 2005 was significantly higher than anticipated.

Budget History for All Realignment Funds

	ACTUAL 2004-05	BUDGET 2005-06	ESTIMATE 2005-06	PROPOSED 2006-07
Beginning Fund Balance	99,108,129	127,142,867	134,971,051	140,070,474
Revenue	192,998,916	194,837,344	202,512,219	211,067,268
Department Usage	157,135,994	204,962,160	197,412,796	214,427,142
Ending Fund Balance	134,971,051	117,018,051	140,070,474	136,710,600
Change in Fund Balance	35,862,922	(10,124,816)	5,099,423	(3,359,874)

The chart above shows the impact of the unexpected revenue growth from sales tax. Comparing the 2005-06 budget to the 2005-06 estimates, the late 2004-05 sales tax growth revenue is reflected in the Beginning Fund Balance line. Originally budgeted at \$127.1 million, the late growth payments pushed that amount to an estimated \$134.9 million – a \$7.8 million increase. That \$7.8 million then becomes part of the revenue base for 2005-06 resulting in estimated revenue of \$202.5 million for the year versus a budget of \$194.8. That roughly \$15.6 million in unanticipated revenue, coupled with departmental savings of another \$7.5 million generated a \$23.1 million higher than budgeted ending fund balance (\$140.1 million versus \$117.0 million).



SUMMARY OF REALIGNMENT BUDGET UNITS FOR 2006-07

	Estimated Beginning Fund Balance	Budgeted Revenue	Budgeted Departmental Usage	Budgeted 10% Transfers	Estimated Ending Fund Balance	Estimated Change in Fund Balance
Mental Health	47,771,863	61,977,359	67,673,293	-	42,075,929	(5,695,934)
Social Services	22,963,406	86,645,996	81,758,547	-	27,850,855	4,887,449
Health	69,335,205	62,443,913	64,995,302	-	66,783,816	(2,551,389)
Total	140,070,474	211,067,268	214,427,142	-	136,710,600	(3,359,874)

The Realignment budgets do not directly spend funds or provide service. They are strictly financing budgets with the actual expenditures occurring within the operating budget units of the departments that receive Realignment revenue.

The Realignment legislation does allow for some flexibility in usage of funds at the county level. Upon action by the Board of Supervisors, a county can transfer 10% of a given years revenue from one fund to another. San Bernardino County has used the provision repeatedly over the years to help support either the health or social services programs. The County does not anticipate a 10% transfer in 2005-06 and is not budgeting one for 2006-07. However, in the event that such transfer is needed, Board of Supervisors approval is required.

The next three pages contain the breakdown of the three individual Realignment funds.

Mental Health

	ACTUAL 2004-05	BUDGET 2005-06	ESTIMATE 2005-06	PROPOSED 2006-07
Beginning Fund Balance	28,688,639	44,253,797	45,501,558	47,771,863
Revenue	58,283,725	60,265,645	60,047,565	61,977,359
Department Usage	41,470,806	62,806,720	57,777,260	67,673,293
10% Transfers	-	-	-	-
Ending Fund Balance	45,501,558	41,712,722	47,771,863	42,075,929
Change in Fund Balance	16,812,919	(2,541,075)	2,270,305	(5,695,934)

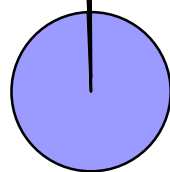
Mental Health realignment revenue is currently composed of 57% sales tax and 43% vehicle license fees. Revenue is expected to climb very slowly since any growth in sales tax will be dedicated to Social Services to fund caseload growth. This is illustrated by the shift in revenue sharing ratios for Mental Health from roughly 66% sales tax and 34% vehicle license fees to the current 57%/43%.

For 2005-06 revenues are estimated roughly in-line with budget and Behavioral Health is expected to have some expenditure savings. For 2006-07 the Mental Health fund is proposed to spend \$5.7 million of fund balance. The Department of Behavioral Health and the County Administrative Office will need to closely monitor this budget over the next few years to ensure that ongoing expenditures and ongoing revenues stay in line. This will be a challenge since known future cost increases resulting from MOU negotiations far exceed the projected growth in realignment revenue due to Social Services continued draw of all sales tax realignment revenue.

Breakdown of Department Usage of Mental Health Realignment

	ACTUAL 2004-05	BUDGET 2005-06	ESTIMATE 2005-06	PROPOSED 2006-07
Behavioral Health	41,354,221	62,490,106	57,377,313	67,252,313
Health Administration	116,585	316,614	399,947	420,980
Total Department Usage	41,470,806	62,806,720	57,777,260	67,673,293

Health Administration
1%



Behavioral Health
99%

■ Behavioral Health
■ Health Administration



Social Services

	ACTUAL 2004-05	BUDGET 2005-06	ESTIMATE 2005-06	PROPOSED 2006-07
Beginning Fund Balance	14,111,706	10,773,422	16,825,042	22,963,406
Revenue	75,334,223	74,259,986	81,621,023	86,645,996
Department Usage	72,620,887	78,622,355	75,482,659	81,758,547
10% Transfers	-	-	-	-
Ending Fund Balance	16,825,042	6,411,053	22,963,406	27,850,855
Change in Fund Balance	2,713,336	(4,362,369)	6,138,364	4,887,449

Social Services realignment revenue is composed primarily of sales tax. The split is currently 96% sales tax and 4% vehicle license fees. Unlike last year, sales tax for Social Services has grown at a higher than expected rate. While this is good news, the growth has been insufficient to make up for prior years' shortfalls. Statewide sales tax collections, even in this very good year, were \$169.2 million short of what was necessary to fund caseload growth within all the mandated Social Services programs.

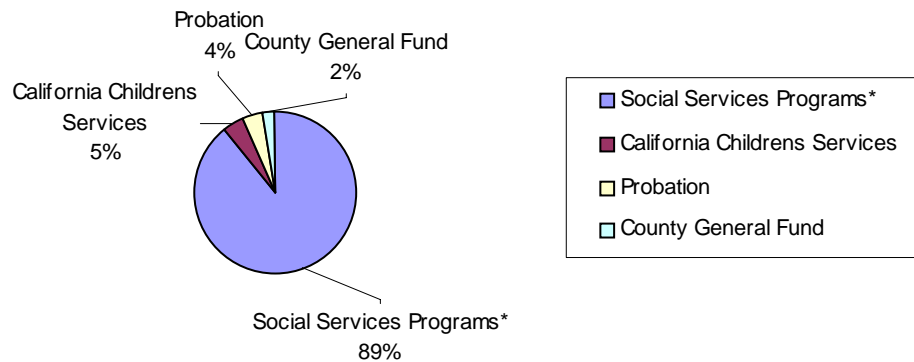
The County Administrative Office is projecting that statewide sales tax collection will be insufficient again in 2006-07 resulting in a shortfall of approximately \$9.7 million to San Bernardino County. Through June 30, 2006 it is projected that San Bernardino County will have lost approximately \$52.7 million as a result of sales tax shortfalls since the 2001-02 year when sales tax revenues actually declined on an annual basis.

In the 2005-06 estimates expenditures show a slight savings as the Human Services departments leave positions vacant in anticipation of funding cuts that have been proposed at the State and Federal level. As indicated earlier, sales tax growth this year exceeded estimates resulting in increased social services revenue. For the 2006-07 proposed budget ongoing expense and ongoing revenue have come back into line; however, as indicated it is anticipated that State and Federal budget cuts are on the horizon for some of the HS programs.

Breakdown of Department Usage of Social Services Realignment

	ACTUAL 2004-05	BUDGET 2005-06	ESTIMATE 2005-06	PROPOSED 2006-07
Social Services Programs*	68,898,467	72,584,684	67,952,098	72,805,672
California Childrens Services	1,923,420	1,538,041	3,030,931	3,800,630
Probation	-	2,700,630	2,700,630	3,353,245
County General Fund	1,799,000	1,799,000	1,799,000	1,799,000
Total Department Usage	72,620,887	78,622,355	75,482,659	81,758,547

* Soc. Svcs. Programs include: IHSS, Foster Care, Seriously Emotionally Disturbed, and Administrative Claim Matches



Health

	ACTUAL 2004-05	BUDGET 2005-06	ESTIMATE 2005-06	PROPOSED 2006-07
Beginning Fund Balance	56,307,784	72,115,648	72,644,451	69,335,205
Revenue	59,380,968	60,311,713	60,843,631	62,443,913
Department Usage	43,044,301	63,533,085	64,152,877	64,995,302
10% Transfers	-	-	-	-
Ending Fund Balance	72,644,451	68,894,276	69,335,205	66,783,816
Change in Fund Balance	16,336,667	(3,221,372)	(3,309,246)	(2,551,389)

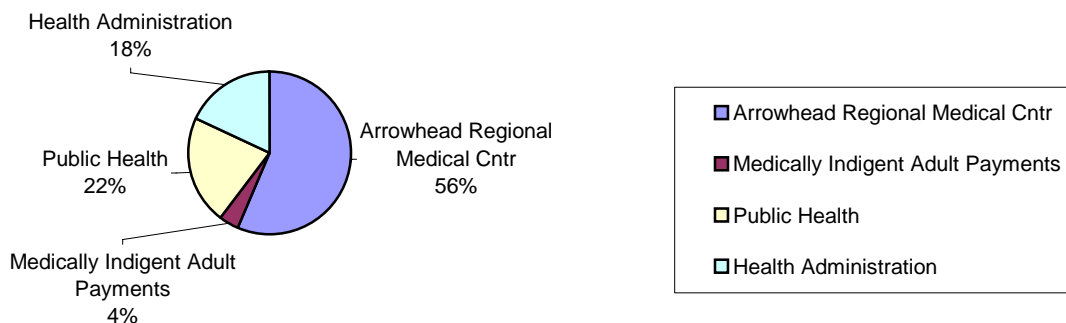
As in the Mental Health realignment revenues, Health funding continues to suffer due to the lack of sales tax growth available for distribution since all sales tax growth is dedicated to Social Services. The impact in Health is not quite as significant given that Health is primarily funded with vehicle license fees at 74% with the remaining 26% coming from sales tax.

The 2006-07 proposed budget reflects the use of \$2.6 million of fund balance. Cost pressures from ARMC pose a concern in the coming years as a result of the Medicare Waiver redesign, cost increases resulting from labor negotiations, and the continuing cost of meeting State mandated nurse to patient staffing ratios.

Additionally, ARMC will be bringing forward a capital project at the end of the 2005-06 year to convert the 6th floor from administration to new inpatient beds. The cost of this project is estimated to be \$30 million and will be funded from realignment fund balance. Associated projects are being explored to expand parking and create a new permanent home for the administrative staff displaced from the 6th floor remodel.

Breakdown of Department Usage of Health Realignment
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	ACTUAL 2004-05	BUDGET 2005-06	ESTIMATE 2005-06	PROPOSED 2006-07
Arrowhead Regional Medical Cntr	17,450,000	34,820,000	36,533,462	36,632,500
Medically Indigent Adult Payments	2,178,750	2,550,000	2,550,000	2,550,000
Public Health	12,974,075	14,995,159	13,851,495	14,164,292
Health Administration	10,441,476	11,167,926	11,217,920	11,648,510
Total Department Usage	43,044,301	63,533,085	64,152,877	64,995,302



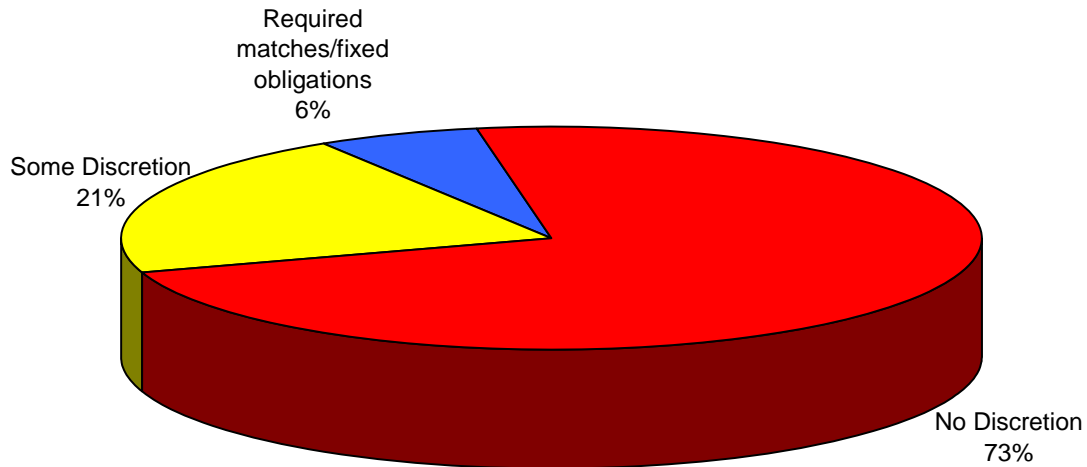
Budgetary Note: Financial information presented in this Realignment budget section is consistent with state reporting requirements for the Realignment funds. The state's reporting requirements are not consistent with the county's implementation of GASB 34 as it relates to revenue accrual. As such, within the county's accounting system, an adjustment will be made to show the correct revenues in accordance with the county's accrual procedures. This is a revenue timing issue only as a result of delays by the state in distributing sales tax growth revenue.



COUNTYWIDE DISCRETIONARY REVENUE

The entire general fund budget is \$2.3 billion, however, the Board of Supervisors has no discretion on \$1.6 billion of this amount as seen in this pie chart.

2006-07 Proposed Budget General Fund Spending



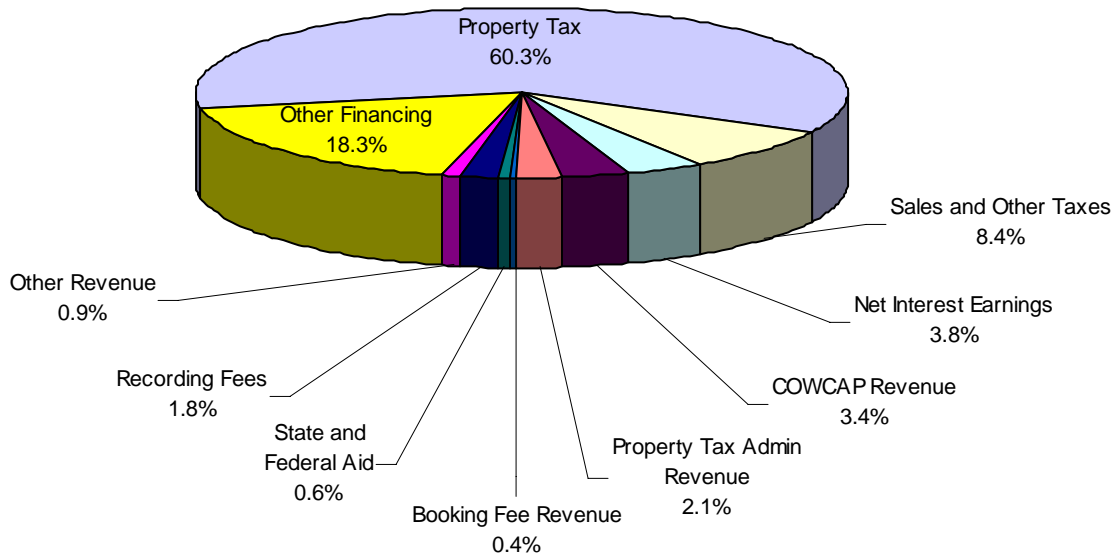
SPENDING WHERE THE BOARD HAS NO DISCRETION. INCLUDES:		1,639,669,718
Welfare costs reimbursed by state and federal monies (\$744.6 million)		
Other program costs funded by program revenues such as user fees (\$895.0 million)		
REQUIRED HEALTH AND WELFARE MATCHES AND OTHER FIXED OBLIGATIONS:		136,292,313
SPENDING WHERE THE BOARD HAS SOME DISCRETION. INCLUDES:		478,996,158
Reserve / Contingencies Contributions (\$102.8 million)		
Law and justice program costs funded by local revenues (\$241.4 million)		
All other program costs funded by local revenues (\$134.8 million)		
TOTAL:		\$2,254,958,189

The Board of Supervisors has authority over the countywide discretionary revenue, which totals \$615,288,471. This countywide discretionary revenue is first obligated to pay for the required health and welfare matches and other fixed obligations, which total \$136,292,313. The remaining amount of \$478,996,158 is available for the Board's discretion and finances departmental budgets' local cost.



Shown below are the sources of the countywide discretionary revenue for 2006-07, which total \$615,288,471:

Discretionary Revenue by Category 2006-07 Proposed Budget



Other Financing Includes: Fund Balance, Use of Reserves, Reimbursements, and Operating Transfers.



COUNTYWIDE DISCRETIONARY REVENUES WHICH PAY FOR GENERAL FUND LOCAL COST

	2005-06 Final Budget	2005-06 Estimate	2006-07 Proposed Budget
Net Non-departmental Revenue			
Property Taxes:			
Current Secured, Unsecured, Unitary	139,341,353	146,293,932	177,479,994
VLF Property Tax Swap	148,442,703	168,525,075	174,010,543
Supplementals	8,746,613	25,796,027	14,000,000
Penalty on Current Taxes	1,938,095	1,938,095	1,938,095
Prior Property Taxes, Penalties and Interest	7,222,648	3,806,646	3,806,646
Total Property Taxes	305,691,412	346,359,775	371,235,278
Sales and Other Taxes:			
Sales and Use Tax	18,758,333	21,500,000	23,075,676
Property Transfer Tax	14,948,345	19,000,000	19,936,370
Franchise Fees	6,045,934	6,423,875	6,715,000
Hotel/Motel Tax	1,176,978	1,176,978	1,176,978
Other Taxes	700,000	700,000	700,000
Total Sales and Other Taxes	41,629,590	48,800,853	51,604,024
Net Interest Earnings	21,872,000	23,130,830	23,154,000
COWCAP Revenue	20,228,548	20,228,548	20,739,704
Property Tax Admin Revenue	10,219,145	12,441,318	12,773,384
Booking Fee Revenue	-	2,500,000	2,500,000
State and Federal Aid	3,593,326	7,190,616	3,647,156
Recording Fees	-	10,492,317	11,167,902
Other Revenue	2,430,000	2,300,000	5,649,195
Subtotal	405,664,021	473,444,257	502,470,643
Other Financing			
Fund Balance, beginning	121,637,030	121,637,030	86,000,000
Reimbursements	583,586	583,586	583,586
Use of Reserves	2,253,702	10,119,892	3,195,836
Operating Transfers	24,344,825	23,625,878	23,038,406
Subtotal	148,819,143	155,966,386	112,817,828
TOTAL	554,483,164	629,410,643	615,288,471

Property Taxes

The most significant source of county local cost financing is property tax. The county's share of property tax for 2006-07 is estimated to be \$371.2 million. This is an increase of \$24.8 million over current year end estimates and is attributable to the following:

- An increase in property tax revenues based on an estimated 12.0% increase in secured assessed valuation. Unsecured and unitary tax rolls are projected to remain relatively flat. Supplemental taxes are expected to decrease from 2005-06 estimates in anticipation of a slower rate of growth in the housing market.
- The elimination of the two-year \$1.3 billion local government contribution of property tax revenues to the State that decreased property tax revenues by \$16.4 million in both 2004-05 and 2005-06



Sales and Other Taxes

In addition to property tax, the county is authorized to collect other types of taxes in the unincorporated areas. Sales and use taxes are projected to increase 12.2% over the 2005-06 year-end estimates, reduced by estimated losses due to potential annexations and estimated payments to the City of Redlands pursuant to a sales tax sharing agreement. Property transfer taxes, which have risen dramatically due to rising home prices and sales volume activity, are expected to remain almost flat to current year-end estimates. Franchise fees, which are collected primarily from utility company and cable TV revenue, are projected to grow 4.5%.

Net Interest Earnings

Net interest earnings for 2006-07 are projected at \$23.2 million. The increase in this revenue source is attributable to an estimated increase in interest earnings on the treasury pool offset by decreased interest and penalty proceeds from the Teeter program.

COWCAP (County-Wide Cost Allocation Plan) Revenue

COWCAP revenue is reimbursement for overhead/indirect costs incurred by the general fund. Reimbursements are received from various state and federal grant programs (that permit such reimbursement) and fee supported general fund departments and taxing entities such as the library and Board-governed special districts. The budgeted COWCAP Revenue amount reflects the recovered allowable costs included in the 2006-07 countywide cost allocation plan (COWCAP) published by the Auditor/Controller.

Property Tax Admin Revenue

Property Tax Administration revenue is expected to grow slightly. Property Tax Administration revenue consists of:

- SB 813 cost reimbursement, which represents allowable charges for administration and operation of the supplemental property tax program. This reimbursement is tied directly to the performance of supplemental property tax revenue.
- The property tax administrative fee, which the legislature provided to allow counties to recover the cost of the property assessment and tax collection process from certain other local jurisdictions. This revenue is tied directly to the cost of that collection effort.

Booking Fee Revenue

State law provides the Board of Supervisors with the authority to assess booking fees. Beginning in 2005-06, the maximum fee imposed by counties is limited to one-half of actual administrative costs, including allowable overhead. Staff met with a committee of San Bernardino County city managers to discuss the proposed fee, and as a result the Board approved the rate of \$79.86 for a three-year period. By implementing the new fee, at one-half of the current rate, staff anticipates that annual revenue will be approximately \$2.5 million per year.

State and Federal Aid

State and Federal aid consists of a payment from the welfare realignment trust fund, which replaced the state revenue stabilization program, and SB90 reimbursements from the state. It also includes revenues received from the Federal government's Payment in Lieu of Taxes (PILT) program. Under current law, local governments are compensated through various programs for losses to their tax bases due to the presence of most federally owned land. PILT for the county is expected to grow 3.0% over 2005-06 year-end estimates. 2005-06 estimated revenues in State and Federal Aid include \$3.5 million in prior year SB90 reimbursements from the State.

Recording Fees

The County Recorder's Office collects certain fees for the official recording of documents. In previous fiscal years, this revenue was budgeted in the Auditor/Controller-Recorder's budget unit. Due to the unpredictable nature of the recording fee revenue and the County Administrative Office's concern for stabilization of departmental financing, the Board approved placing the recording fee revenue in the countywide discretionary revenue.

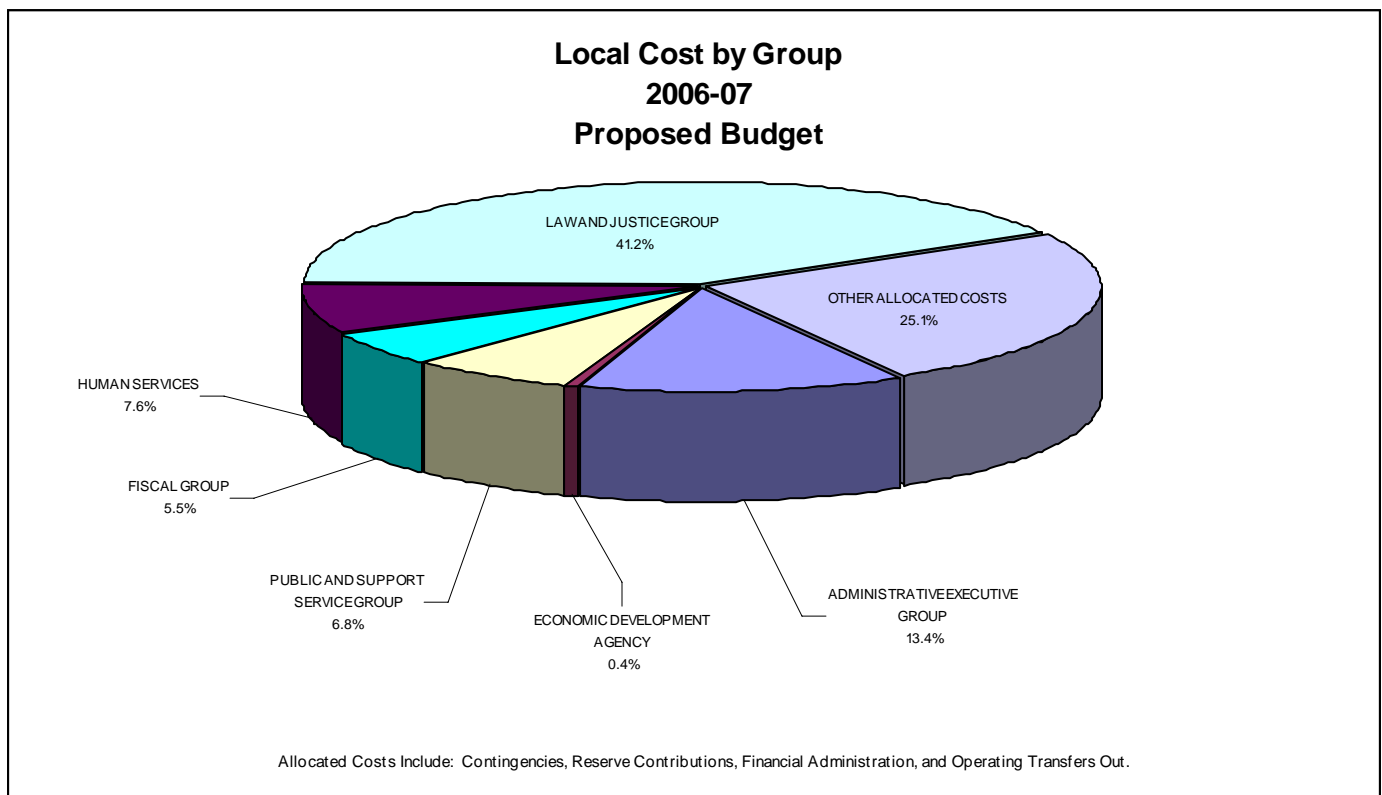


Other Revenue

Other revenue includes overhead charges recovered through city law enforcement contracts with the Sheriff's Department, voided warrants issued by the county, projected transfers of unclaimed property tax refunds to the general fund, the county share of vehicle code violation revenue, and other miscellaneous revenues. Beginning in 2006-07 other revenue also includes cost reimbursement for the management of the County's investment pool, which is projected to total \$2.2 million. In prior fiscal years this revenue was budgeted in the Treasurer/Tax Collector's budget unit.

Other Financing

Final year-end fund balance for 2005-06 is projected to be \$86.0 million. Reimbursements of \$0.6 million relating to the county reorganization are anticipated. Planned use of reserves include \$1.5 million of the Equity Pool reserve to fund equity cost increases. The elimination of the Law and Justice Southwest Border Patrol Initiative reserve results in a transfer of the remaining balance of \$1.7 million to a special revenue fund. Operating transfers include transfers from the Courthouse and Criminal Justice Construction funds and the use of \$18.9 million of tobacco settlement funds, of which \$15.0 million is to be applied towards the Arrowhead Regional Medical Center Debt Service.



Countywide discretionary revenues are allocated to various county departments as local cost. The above pie chart shows what percentage of the local cost is allocated to each of the groups.

The schedule on the following pages shows a comparison of prior year local cost and current year local cost by department. This schedule also includes appropriation and revenue, including operating transfers, which are mechanisms to move financing between the various county budget units. Operating transfers are presented in the following chart because the intended purpose is to provide a complete picture of the department's appropriation and revenue. Operating transfers are excluded from the countywide appropriation and revenue summaries presented in the beginning of this section, as their inclusion would overstate countywide appropriation and revenue on a consolidated basis.





Department Title	2005-06 Final Budget:			2006-07 Proposed Budget:			Change Between 2005-06 Final & 2006-07 Proposed:		
	Appropriation	Revenue	Local Cost	Appropriation	Revenue	Local Cost	Appropriation	Revenue	Local Cost
BOARD OF SUPERVISORS (ALL DISTRICTS)	5,039,972	-	5,039,972	6,100,937	-	6,100,937	1,060,965	-	1,060,965
BOARD OF SUPERVISORS - LEGISLATIVE COSTS	452,315	-	452,315	480,950	-	480,950	28,635	-	28,635
CLERK OF THE BOARD	1,041,634	79,875	961,759	1,228,524	95,000	1,133,524	186,890	15,125	171,765
COUNTY ADMINISTRATIVE OFFICE	2,951,892	-	2,951,892	4,204,181	-	4,204,181	1,252,289	-	1,252,289
COUNTY ADMINISTRATIVE OFFICE - FRANCHISE ADMIN	273,394	-	273,394	295,845	-	295,845	22,451	-	22,451
COUNTY ADMINISTRATIVE OFFICE - HEALTH ADMIN	156,520,540	141,520,540	15,000,000	157,188,824	142,188,824	15,000,000	668,284	668,284	-
COUNTY ADMINISTRATIVE OFFICE - JOINT POWERS LEASES	21,737,293	-	21,737,293	20,837,293	-	20,837,293	(900,000)	-	(900,000)
COUNTY ADMINISTRATIVE OFFICE - LITIGATION	363,681	-	363,681	388,681	-	388,681	25,000	-	25,000
COUNTY COUNSEL	8,824,331	5,348,111	3,476,220	9,735,494	5,533,194	4,202,300	911,163	185,083	726,080
HUMAN RESOURCES	5,547,109	302,500	5,244,609	6,624,669	290,500	6,334,169	1,077,560	(12,000)	1,089,560
HUMAN RESOURCES-EMPLOYEE HEALTH AND WELLNESS	104,200	104,200	-	293,180	293,180	-	188,980	188,980	-
HUMAN RESOURCES-UNEMPLOYMENT INSURANCE	4,000,000	-	4,000,000	4,000,000	-	4,000,000	-	-	-
INFORMATION SERVICES-SYSTEMS DEVELOPMENT	12,670,613	5,468,678	7,201,935	13,023,884	4,832,240	8,191,644	353,271	(636,438)	989,709
PURCHASING	1,094,019	35,000	1,059,019	1,235,858	35,000	1,200,858	141,839	-	141,839
BEHAVIORAL HEALTH	126,367,241	124,524,488	1,842,753	164,822,242	162,979,489	1,842,753	38,455,001	38,455,001	-
BEHAVIORAL HEALTH - ALCOHOL AND DRUG SERVICES	19,104,240	18,954,782	149,458	19,782,871	19,633,413	149,458	678,631	678,631	-
PUBLIC HEALTH	81,491,061	80,354,979	1,136,082	78,441,771	77,151,492	1,290,279	(3,049,290)	(3,203,487)	154,197
PUBLIC HEALTH - CALIFORNIA CHILDREN'S SERVICES	14,008,854	12,470,813	1,538,041	17,604,866	14,251,621	3,353,245	3,596,012	1,780,808	1,815,204
PUBLIC HEALTH - AMBULANCE REIMBURSEMENTS	472,501	-	472,501	472,501	-	472,501	-	-	-
LOCAL AGENCY FORMATION COMMISSION	182,000	-	182,000	221,000	-	221,000	39,000	-	39,000
COUNTY SCHOOLS	2,235,087	-	2,235,087	2,918,131	-	2,918,131	683,044	-	683,044
ADMIN/EXECUTIVE GROUP SUBTOTAL:	464,481,977	389,163,966	75,318,011	509,901,702	427,283,953	82,617,749	45,419,725	38,119,987	7,299,738
ECONOMIC DEVELOPMENT	4,039,579	-	4,039,579	2,688,606	-	2,688,606	(1,350,973)	-	(1,350,973)
ECONOMIC DEVELOPMENT AGENCY SUBTOTAL:	4,039,579	-	4,039,579	2,688,606	-	2,688,606	(1,350,973)	-	(1,350,973)
ASSESSOR	13,665,978	647,500	13,018,478	15,013,659	820,000	14,193,659	1,347,681	172,500	1,175,181
AUDITOR-CONTROLLER	16,210,646	14,283,328	1,927,318	18,105,671	5,543,522	12,562,149	1,895,025	(8,739,806)	10,634,831
TREASURER-TAX COLLECTOR	18,295,073	14,955,679	3,339,394	19,856,362	13,020,462	6,835,900	1,561,289	(1,935,217)	3,496,506
FISCAL GROUP SUBTOTAL:	48,171,697	29,886,507	18,285,190	52,975,692	19,383,984	33,591,708	4,803,995	(10,502,523)	15,306,518
COUNTY TRIAL COURTS - DRUG COURT PROGRAMS	503,459	503,459	-	299,433	299,433	-	(204,026)	(204,026)	-
COUNTY TRIAL COURTS - GRAND JURY	316,921	-	316,921	333,956	-	333,956	17,035	-	17,035
COUNTY TRIAL COURTS - INDIGENT DEFENSE	8,104,078	-	8,104,078	8,979,100	-	8,979,100	875,022	-	875,022
COUNTY TRIAL COURTS - COURT FAC/JUDICIAL BENEFITS	1,847,440	-	1,847,440	1,694,727	-	1,694,727	(152,713)	-	(152,713)
COUNTY TRIAL COURTS - MAINTENANCE OF EFFORT	35,725,112	25,098,622	10,626,490	31,782,490	21,156,000	10,626,490	(3,942,622)	(3,942,622)	-
DISTRICT ATTORNEY - CRIMINAL	44,854,137	28,084,043	16,770,094	49,893,712	32,087,361	17,806,351	5,039,575	4,003,318	1,036,257
DISTRICT ATTORNEY - CHILD ABDUCTION	843,475	-	843,475	850,475	850,475	-	7,000	850,475	(843,475)
LAW & JUSTICE GROUP ADMINISTRATION	379,229	255,000	124,229	147,302	5,000	142,302	(231,927)	(250,000)	18,073
PROBATION-ADMIN/COMM CORRECTIONS	44,380,195	27,366,950	17,013,245	103,594,307	46,449,918	57,144,389	59,214,112	19,082,968	40,131,144
PROBATION-COURT ORDERED PLACEMENTS	2,926,330	-	2,926,330	2,926,330	-	2,926,330	-	-	-
PROBATION-DETENTION CORRECTIONS	46,977,652	16,535,894	30,441,758	-	-	-	(46,977,652)	(16,535,894)	(30,441,758)
PUBLIC DEFENDER	23,495,540	700,000	22,795,540	26,665,679	1,600,000	25,065,679	3,170,139	900,000	2,270,139
SHERIFF	338,515,894	230,440,703	108,075,191	361,834,042	232,822,908	129,011,134	23,318,148	2,382,205	20,935,943
LAW AND JUSTICE GROUP SUBTOTAL:	548,869,462	328,984,671	219,884,791	589,001,553	335,271,095	253,730,458	40,132,091	6,286,424	33,845,667



Department Title	2005-06 Final Budget:			2006-07 Proposed Budget:			Change Between 2005-06 Final & 2006-07 Proposed:		
	Appropriation	Revenue	Local Cost	Appropriation	Revenue	Local Cost	Appropriation	Revenue	Local Cost
PUBLIC AND SUPPORT SERVICES GROUP ADMIN	1,449,297	-	1,449,297	1,656,319	-	1,656,319	207,022	-	207,022
AGRICULTURE, WEIGHTS AND MEASURES	5,467,715	3,554,951	1,912,764	5,898,693	3,614,895	2,283,798	430,978	59,944	371,034
AIRPORTS	2,553,961	2,553,961	-	2,880,410	2,880,410	-	326,449	326,449	-
ARCHITECTURE AND ENGINEERING	585,320	-	585,320	585,320	-	585,320	-	-	-
COUNTY MUSEUMS	3,861,744	2,222,317	1,639,427	3,910,853	1,946,500	1,964,353	49,109	(275,817)	324,926
FACILITIES MANAGEMENT DEPARTMENT	14,414,161	6,211,352	8,202,809	15,472,272	6,900,616	8,571,656	1,058,111	689,264	368,847
FACILITIES MANAGEMENT DEPARTMENT - UTILITIES	16,079,526	-	16,079,526	16,654,565	246,355	16,408,210	575,039	246,355	328,684
LAND USE SERVICES - ADMINISTRATION	4,300	4,300	-	-	-	-	(4,300)	(4,300)	-
LAND USE SERVICES - CURRENT PLANNING	2,777,501	2,777,501	-	3,253,190	3,253,190	-	475,689	475,689	-
LAND USE SERVICES - ADVANCED PLANNING	3,444,907	2,259,002	1,185,905	3,641,886	2,287,138	1,354,748	196,979	28,136	168,843
LAND USE SERVICES - BUILDING AND SAFETY	8,704,085	8,704,085	-	9,830,495	9,830,495	-	1,126,410	1,126,410	-
LAND USE SERVICES - CODE ENFORCEMENT	3,575,482	678,000	2,897,482	3,663,993	528,000	3,135,993	88,511	(150,000)	238,511
LAND USE SERVICES - FIRE HAZARD ABATEMENT	2,545,738	2,545,738	-	2,601,848	2,601,848	-	56,110	56,110	-
PUBLIC WORKS-SURVEYOR	4,002,236	3,802,726	199,510	4,432,992	4,233,482	199,510	430,756	430,756	-
REAL ESTATE SERVICES	2,360,874	1,549,650	811,224	2,509,997	1,510,344	999,653	149,123	(39,306)	188,429
REAL ESTATE SERVICES - RENTS	211,592	45,912	165,680	109,290	109,290	-	(102,302)	63,378	(165,680)
REGIONAL PARKS	7,546,495	6,282,959	1,263,536	7,727,001	6,168,000	1,559,001	180,506	(114,959)	295,465
REGISTRAR OF VOTERS	5,489,021	2,557,200	2,931,821	12,600,393	9,440,303	3,160,090	7,111,372	6,883,103	228,269
PUBLIC AND SUPPORT SVCS GRP SUBTOTAL:	85,073,955	45,749,654	39,324,301	97,429,517	55,550,866	41,878,651	12,355,562	9,801,212	2,554,350
AGING AND ADULT SERVICES	8,839,639	8,839,639	-	10,149,936	10,149,936	-	1,310,297	1,310,297	-
AGING AND ADULT SERVICES - PUBLIC GUARDIAN	872,400	765,255	107,145	952,845	342,000	610,845	80,445	(423,255)	503,700
CHILD SUPPORT SERVICES	39,661,243	39,661,243	-	39,797,347	39,797,347	-	136,104	136,104	-
HUMAN SERVICES - ADMINISTRATIVE CLAIM	334,612,841	317,973,721	16,639,120	345,585,551	324,979,858	20,605,693	10,972,710	7,006,137	3,966,573
CHILD ABUSE /DOMESTIC VIOLENCE	1,507,439	1,507,439	-	1,906,812	1,906,812	-	399,373	399,373	-
ENTITLEMENT PAYMENTS (CHILD CARE)	85,905,228	85,905,228	-	85,905,228	85,905,228	-	-	-	-
CHILDREN'S OUT OF HOME CARE	367,618	-	367,618	574,056	-	574,056	206,438	-	206,438
AID TO ADOPTIVE CHILDREN	30,863,005	29,396,811	1,466,194	34,457,874	32,678,455	1,779,419	3,594,869	3,281,644	313,225
AFDC-FOSTER CARE	104,436,782	89,700,112	14,736,670	98,400,873	83,678,830	14,722,043	(6,035,909)	(6,021,282)	(14,627)
REFUGEE CASH ASSISTANCE	100,000	100,000	-	100,000	100,000	-	-	-	-
CASH ASSISTANCE - IMMIGRANTS	856,993	856,993	-	822,878	822,878	-	(34,115)	(34,115)	-
CALWORKS-FAMILY GROUP	218,489,279	213,837,725	4,651,554	197,073,867	192,702,019	4,371,848	(21,415,412)	(21,135,706)	(279,706)
KIN-GAP PROGRAM	4,818,510	4,036,410	782,100	4,575,538	3,868,452	707,086	(242,972)	(167,958)	(75,014)
AID FOR SERIOUSLY EMOTIONALLY DISTURBED	5,242,905	4,262,503	980,402	4,761,913	3,781,511	980,402	(480,992)	(480,992)	-
CALWORKS-2 PARENT FAMILIES	16,419,500	16,029,361	390,139	14,215,939	13,881,109	334,830	(2,203,561)	(2,148,252)	(55,309)
AID TO INDIGENTS	1,446,420	370,256	1,076,164	1,181,027	341,471	839,556	(265,393)	(28,785)	(236,608)
VETERAN'S AFFAIRS	1,264,563	331,117	933,446	1,374,389	327,500	1,046,889	109,826	(3,617)	113,443
HUMAN SERVICES SUBTOTAL:	855,704,365	813,573,813	42,130,552	841,836,073	795,263,406	46,572,667	(13,868,292)	(18,310,407)	4,442,115
GENERAL FUND DEPARTMENT SUBTOTAL:	2,006,341,035	1,607,358,611	398,982,424	2,093,833,143	1,632,753,304	461,079,839	87,492,108	25,394,693	62,097,415
CONTINGENCIES	96,967,709	-	96,967,709	94,318,520	-	94,318,520	(2,649,189)	-	(2,649,189)
RESERVE CONTRIBUTIONS	21,403,093	-	21,403,093	24,515,749	-	24,515,749	3,112,656	-	3,112,656
FINANCIAL ADMINISTRATION EXPENDITURES	7,500,000	7,500,000	-	7,500,000	7,500,000	-	-	-	-
FINANCIAL ADMINISTRATION REIMBURSEMENTS	(583,586)	(583,586)	-	(583,586)	(583,586)	-	-	-	-
OPERATING TRANSFERS OUT	37,129,938	-	37,129,938	35,374,363	-	35,374,363	(1,755,575)	-	(1,755,575)
TOTAL COUNTYWIDE ALLOCATED COSTS:	162,417,154	6,916,414	155,500,740	161,125,046	6,916,414	154,208,632	(1,292,108)	-	(1,292,108)
GRAND TOTAL:	2,168,758,189	1,614,275,025	554,483,164	2,254,958,189	1,639,669,718	615,288,471	86,200,000	25,394,693	60,805,307

NOTE: Total countywide allocated costs on this schedule includes appropriation and reimbursements for Financial Administration. This appropriation is offset in the countywide discretionary revenue schedule.

CONTINGENCIES

The County Contingencies includes the following elements:

One Time Contingencies

Mandatory Contingencies

Board Policy requires the county to maintain an appropriated contingency fund to accommodate unanticipated operational changes, legislative impacts or other economic events affecting the county's operations, which could not have reasonably been anticipated at the time the budget was prepared. Funding is targeted at 1.5% of locally funded appropriation.

Uncertainties

Any unallocated financing available from current year sources (both ongoing and one-time) that has not been set-aside and any fund balance carried over from the prior year, is budgeted in the contingencies for uncertainties. Final budget action includes a provision that allocates any difference between estimated and final fund balance to this contingencies account.

Ongoing Set-Asides Contingencies

The county budget process differentiates between ongoing and one-time revenue sources. Ongoing set-asides represent ongoing sources of financing that have been targeted for future ongoing program needs.

Contingencies - Priority District and Program Needs

An annual base allocation of \$2,000,000 is set aside for priority district and program needs. Any amounts unspent in this contingencies account at the end of a fiscal year rolls forward into the next fiscal year.

	Contingencies			
	2005-06	2005-06	2006-07	2006-07
	Beginning	Approved	Recommended	Proposed
	Balance	Contributions/ Uses	Additional Contributions	Budget
One-time Contingencies				
Mandatory Contingencies (1.5% of Locally Funded Appropriations)	6,084,960		1,452,100	7,537,060
Uncertainties	69,902,464	(46,468,014)	46,447,010	69,881,460
Ongoing Set Asides Contingencies				
Future Retirement Costs	7,900,000	(7,900,000)	7,900,000	7,900,000
Future Financing	7,000,000			7,000,000
Workload Adjustments	2,700,000	(2,700,000)		-
Contingencies - Priority District and Program Needs	3,380,285	(3,380,285)	2,000,000	2,000,000
Total Contingencies	96,967,709	(60,448,299)	57,799,110	94,318,520



2006-07 Mandatory Contingencies

The base allocation to the mandatory contingency budget of \$7,537,060 is established pursuant to Board policy, based on projected locally funded appropriations of \$502.5 million.

2006-07 Ongoing Set-Asides Contingencies

As seen in the Reserve section, the county has set aside a significant amount of one-time money that can assist the county temporarily for unforeseen increases in expenditure or reductions in revenues. However, there has never been any money set aside to permanently address future foreseen increases in expenditures. Beginning in 2004-05, the county positioned itself to set aside ongoing revenue sources to finance future ongoing expenditures in three different areas: retirement, future financing needs, and workload adjustments.

- **Future Retirement Costs Ongoing Set Aside:**
For the past three years, the County has seen significant retirement cost increases and predicts additional future increases based on unfunded liabilities that have occurred primarily as a result of lower than expected market returns. The Board has set aside \$7.9 million in ongoing revenue sources to assist in financing these cost increases at a future date.
- **Future Financing Needs Ongoing Set Aside:**
The California Department of Finance estimates the population of the County of San Bernardino will grow 24.1% between the years 2000 to 2010. Because of this predicted population growth, the demand for services provided by our county will increase significantly. To plan ahead, the Board has set aside \$7.0 million of ongoing money to address the future needs of this growing population.
- **Workload Adjustments Ongoing Set Aside:**
Beginning in 2004-05, the Board set-aside \$2.7 million to address departmental workload issues caused primarily by budget reductions required to offset State budget reductions in prior years. On December 13, 2005 the Board approved the elimination of this ongoing set-aside to be used instead to fund operations at the County Fire Department.

2005-06 Approved Contributions and Uses

As part of the 2005-06 final budget, the Board approved the mandatory contingencies in the amount of \$6,084,960, a Priority Policy and District Needs allocation of \$3,380,285, and ongoing set-asides for Future Retirement costs of \$7,900,000, Future Financing Needs of \$7,000,000 and Workload Adjustments of \$2,700,000. The allocation to the Contingencies for Uncertainties totaled \$69,902,464.



For 2005-06 mid-year Board actions have authorized the use of approximately \$68.7 million of the Contingencies for Uncertainties. Major allocations include:

- \$11.8 million in ongoing funding for salary and benefit increases pursuant to negotiated labor agreements with employees approved after final budget adoption.
- \$5.3 million to fund Safe Route to Schools Projects
- \$5.0 million to finance various park improvements
- \$4.4 million to finance modernization and office space utilization projects
- \$4.2 million transferred to the Juvenile Maximum Security Facility Reserve
- \$3.7 million to finance building improvements
- \$3.5 million to finance a new fire station in Hesperia/Oak Hills
- \$3.0 million to finance library improvements
- \$2.6 million to reflect changes required as a result of the adoption of the final State budget
- \$2.4 million to finance Glen Helen Park Improvements
- \$2.1 million to finance street improvements
- \$2.1 million to finance community projects in Upland, Muscoy, Crestline and Rim of the World
- \$2.0 million transferred to the Museum's Hall of Paleontology Reserve
- \$1.9 million to fund a total of 26 new positions in the Sheriff's department
- \$1.6 million to fund Glen Helen Water System Improvements
- \$1.6 million to fund Senior Citizen Programs
- \$1.4 million to fund the Sheriff/Coroner Morgue Expansion Project
- \$1.3 million to increase the General Purpose Reserve and Mandatory Contingencies as a result of increases in revenue projections

In addition to the \$68.7 million allocation discussed above, the Board has also earmarked \$1.0 million of contingencies to fund building permit waivers for victims of the Old and Grand Prix Fires.

For 2005-06 mid-year Board actions have also authorized increases of \$22.2 million in the Contingencies for Uncertainties:

- \$11.7 million to reflect upward revisions to revenue estimates
- \$7.9 million transferred from the contingencies set-aside for future retirement costs
- \$1.5 million to reflect the use of a portion of the Teeter Reserve to offset tax sale losses the County incurred in 2004-05.
- \$1.1 million to reflect the elimination of the Bark Beetle Reserve. The Bark Beetle Reserve was established on December 17, 2002 to help address the bark beetle infestation in the local mountains. Since the reserve was established, the County was successful in securing Federal funds to aid in the fight against the bark beetle infestation.



RESERVES

The county has a number of reserves and designations that have been established over the years. Some are for specific purposes, such as to meet future known obligations or to build a reserve for capital projects. The general reserves are funds held to protect the County from unforeseen increases in expenditures or reductions in revenues, or other extraordinary events, which would harm the fiscal health of the County. On January 6, 1998, the Board of Supervisors adopted a county policy to provide guidelines and goals for reserve levels. That policy calls for the county's general purpose reserve to equal 10% of locally funded appropriation. It also anticipates establishing special purpose reserves to help meet future needs.

Total Reserves

	2004-05	2005-06		2006-07		Estimated
	Ending Balance	Approved Contributions	Approved Uses	Recommended Contributions	Recommended Uses	6/30/07 Balance
General Purpose Reserve	37,214,100	4,522,765		8,510,199		50,247,064
Specific Purpose Reserves						
Medical Center Debt Service	32,074,905					32,074,905
Retirement	7,000,000	7,900,000		7,900,000		22,800,000
Teeter	19,260,087		(1,512,886)			17,747,201
Future Financing		7,000,000		7,000,000		14,000,000
Juvenile Maximum Security	1,492,986	4,200,000				5,692,986
Capital Projects	4,000,000					4,000,000
Museum's Hall of Paleontology	1,703,030	2,000,000				3,703,030
Business Process Improvement	3,000,000		(1,105,550)	1,105,550		3,000,000
Insurance	3,000,000					3,000,000
Restitution	1,614,234	450,791	(200,000)			1,865,025
Justice Facilities	1,304,753		(447,600)			857,153
Electronic Voting	500,000					500,000
L&J SWBPI	1,883,491	287,097	(481,790)		(1,688,798)	-
Equity Pool	3,513,804		(2,006,766)		(1,507,038)	-
Bark Beetle	1,665,300		(1,665,300)			-
Workload Adjustments		2,700,000	(2,700,000)			-
Total Specific Purpose	82,012,590	24,537,888	(10,119,892)	16,005,550	(3,195,836)	109,240,300
Total Reserves	119,226,690					159,487,364

2006-07 Recommended Contributions and Uses

For 2006-07 general-purpose reserves are increased by \$8.5 million to conform to the Board policy. This increase is based on projected locally funded appropriation of \$502.5 million and brings the balance of general-purpose reserves to \$50.2 million. The reserves for Retirement and Future Financing are increased by their ongoing set-asides of \$7.9 million and \$7.0 million that are projected to remain unspent at the end of 2005-06. The Business Process Improvements Reserve is increased by \$1.1 million to return it to its original amount after funding current year uses. The elimination of the Law and Justice Southwest Border Patrol Initiative reserve results in a transfer of the remaining balance of \$1.7 million to a special revenue fund. Use of the remaining \$1,507,038 of the Equity Pool reserve is planned to fund the 2006-07 costs of approved equity adjustments.



2005-06 Approved Contributions

- \$4.5 million to the General Purpose Reserve based on the 2005-06 modified budget for countywide discretionary revenue which finances locally funded appropriation.
- \$7.9 million to the Retirement Reserve, \$7.0 million to the Future Financing Reserve, and \$2.7 million to the Workload Adjustment Reserve were funded by ongoing set-asides that remained unspent at the end of 2004-05.
- \$4.2 million to the Juvenile Maximum Security Reserve from Probation Department savings in 2004-05.
- \$2.0 million to the Museum Hall of Paleontology Reserve to assist in construction costs.
- \$450,791 to the Restitution Reserve to set-aside settlement revenues received by the County in 2004-05 from the ongoing corruption litigation.
- \$287,097 to the Southwest Border Patrol Initiative Reserve to set-aside Federal funding received in 2004-05.

2005-06 Approved Uses

- \$1.5 million from the Teeter Reserve to offset tax sale losses the County incurred in 2004-05.
- \$1.1 million from the Business Process Improvement Reserve to fund the Human Resources' Application Tracking System and Personnel File Imaging Systems, Regional Park's Central Reservation System, Assessor's Building Records Imaging System, and Facilities Management's Automated Work Order Implementation Project.
- \$200,000 from the Restitution Reserve to finance the cost of the county's on-going corruption litigation.
- \$447,600 from the Justice Facilities Reserve to fund phase two of the Central Detention Center HVAC replacement in the amount of \$430,000 and \$17,600 for an updated title report for the Marantha Jail Facility in Adelanto.
- \$481,790 from the Law and Justice Southwest Border Patrol Initiative Reserve (SWBPI) as detailed below: 1) \$30,000 to fund the Handheld Citation Capture Device grant program; 2) \$68,136 for remaining one-time costs to implement a comprehensive, Countywide Gang Initiative; 3) \$69,000 to perform a Laboratory Information Management System Assessment for the Sheriff; 4) \$65,812 to fund the balance of the Electronic Information Sharing Project for the District Attorney; 5) \$47,545 to purchase to video editing systems for the Sheriff; and 6) \$201,297 for the purchase of a digital lab and film processing system for Probation.
- \$2.0 million from the Equity Pool Reserve to fund the 2005-06 costs of approved equity adjustments.
- The Bark Beetle Reserve was established on December 17, 2002 to help address the bark beetle infestation in the local mountains. Since the reserve was established, the County was successful in securing Federal funds to aid in the fight against the bark beetle infestation. On November 1, 2005, the Board dissolved this reserve. Prior to the dissolution, the Bark Beetle Reserve funded site and parking lot improvements and the purchase and installation of temporary modular office units totaling \$560,000 for the Running Springs Bark Beetle Hazard Abatement Offices. This amount will be reimbursed to the general fund from future lease/rent revenues from these offices.
- \$2,700,000 from the Workload Adjustment Reserve to County Fire to fund one-time capital apparatus, equipment, and fire-station facility needs.



The chart below shows recent history of the County Reserve levels.

	Year End Actual Balance					Estimated	Proposed
	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Total General Purpose Reserve	27.4	30.2	31.9	34.8	37.2	41.7	50.2
Specific Purpose Reserves							
Medical Center Debt Service	32.0	32.0	32.1	32.1	32.1	32.1	32.1
Retirement	1.5	1.5	7.0	7.0	7.0	14.9	22.8
Teeter		19.3	19.3	19.3	19.3	17.7	17.7
Future Financing						7.0	14.0
Juvenile Maximum Security	1.5	1.5	1.5	1.5	1.5	5.7	5.7
Capital Projects Reserve			4.0	4.0	4.0	4.0	4.0
Museum's Hall of Paleontology				0.9	1.7	3.7	3.7
Business Process Improvement					3.0	1.9	3.0
Insurance			5.0	3.0	3.0	3.0	3.0
Restitution		8.9	2.1	2.1	1.6	1.9	1.9
Justice Facilities	5.2	5.0	4.9	3.7	1.3	0.9	0.9
Electronic Voting System			5.7	-	0.5	0.5	0.5
L&J Southwest Border Prosecution Initiative				3.4	1.9	1.7	-
Equity Pool			1.9	4.4	3.5	1.5	-
Bark Beetle			-	1.8	1.7	-	-
Workload Adjustment						-	-
Total Specific Purpose Reserves	(1) 40.2	68.2	83.4	83.1	82.0	96.4	109.2
Total Reserves	(1) 67.6	98.4	115.3	118.0	119.2	138.2	159.5

(1) Totals may not add due to rounding

